

30 SEP. 2013

EEA Financial Mechanism 2009-2014

PROGRAMME AGREEMENT

between

The Financial Mechanism Committee
established by Iceland, Liechtenstein and Norway

and

The Managing Authority for International Cooperation Programmes, National Development Agency,
hereinafter referred to as the "National Focal Point",
representing Hungary,
hereinafter referred to as the "Beneficiary State"

together hereinafter referred to as the "Parties"

for the financing of the Programme "EEA Scholarship Programme"

hereinafter referred to as the "Programme"

Chapter 1 Scope, Legal Framework, and Definitions

Article 1.1 Scope

This programme agreement between the Financial Mechanism Committee (hereinafter referred to as the FMC) and the National Focal Point lays down the rights and obligations of the Parties regarding the implementation of the Programme and the financial contribution from the EEA Financial Mechanism 2009-2014 to the Programme.

Article 1.2 Legal Framework

1. This programme agreement shall be read in conjunction with the following documents which, together with this programme agreement, constitute the legal framework of the EEA Financial Mechanism 2009-2014:

- a. Protocol 38b to the EEA Agreement on the EEA Financial Mechanism 2009-2014;
- b. the Regulation on the implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "Regulation") issued by the Donor States in accordance with Article 8(8) of Protocol 38b;
- c. the Memorandum of Understanding on the Implementation of the EEA Financial Mechanism 2009-2014 (hereinafter referred to as the "MoU"), entered into between the Donor States and the Beneficiary State; and
- d. any guidelines adopted by the FMC in accordance with the Regulation

2. In case of an inconsistency between this programme agreement and the Regulation, the Regulation shall prevail.

3. The legal framework is binding for the Parties. An act or omission by a Party to this programme agreement that is incompatible with the legal framework constitutes a breach of this programme agreement by that Party.

Article 1.3 Definitions

Terms used and institutions and documents referred to in this programme agreement shall be understood in accordance with the Regulation, in particular Article 1.5 thereof, and the legal framework referred to in Article 1.2 of this programme agreement.

Article 1.4 Annexes and hierarchy of documents

1. The programme decision, including the financial plan (Annex I), and the operational rules (Annex II) form an integral part of this programme agreement. Any reference to this programme agreement includes a reference to its annexes unless otherwise stated or clear from the context.

2. The provisions of the annexes shall be interpreted in a manner consistent with this programme agreement. Should the meaning of any provision of the said annexes, so interpreted, remain inconsistent with this programme agreement, the provisions of the former shall prevail, provided that these provisions are compatible with the Regulation.

3. Commitments, statements and guarantees, explicit as well as implicit, made in the programme proposal are binding for the National Focal Point and the Programme Operator unless otherwise explicitly stipulated in the annexes to this programme agreement.

Chapter 2 The Programme

Article 2.1 Co-operation

1. The Parties shall take all appropriate and necessary measures to ensure fulfilment of the obligations and objectives arising out of this programme agreement.

2. The Parties agree to provide all information necessary for the good functioning of this programme agreement and to apply the highest degree of transparency, accountability and cost efficiency as well as the principles of good governance, sustainable development, gender equality and equal opportunities.

3. The Parties shall promptly inform each other of any circumstances that interfere or threaten to interfere with the successful implementation of the Programme.

4. In executing this programme agreement the Parties declare to counteract corrupt practices. Further, they declare not to accept, either directly or indirectly, any kind of offer, gift, payments or benefits which would or could be construed as illegal or corrupt practice. The Parties shall immediately inform each other of any indication of corruption or misuse of resources related to this programme agreement.

Article 2.2

Main responsibilities of the Parties

1. The National Focal Point is responsible and accountable for the overall management of the EEA Financial Mechanism 2009-2014 in the Beneficiary State and for the full and correct implementation of this programme agreement. In particular, the National Focal Point undertakes to:

- a. comply with its obligations stipulated in the Regulation and this programme agreement;
- b. ensure that the Certifying Authority, the Audit Authority, the Monitoring Committee and the Programme Operator properly perform the tasks assigned to them in the Regulation, this programme agreement and the programme implementation agreement;
- c. take all necessary steps to ensure that the Programme Operator is fully committed and able to implement and manage the Programme;
- d. take the necessary measures to remedy irregularities in the implementation of the Programme and ensure that the Programme Operator takes appropriate measures to remedy irregularities in Projects within the Programme, including measures to recover misspent funds;
- e. make all the necessary and appropriate arrangements in order to strengthen or change the way the Programme is managed.

2. The FMC shall, subject to the rules stipulated in the legal framework referred to in Article 1.2 of this programme agreement, make available to the Beneficiary State a financial contribution (hereinafter referred to as "the programme grant") to be used exclusively to finance the eligible cost of the Programme.

Article 2.3

Objective and outcomes of the Programme

- 1. The programme decision sets out the objective, outcome(s), outputs, indicators and targets for the Programme.
- 2. The National Focal Point shall ensure that the Programme Operator implements and completes the Programme in accordance with the objective, outcome(s), outputs, indicators and targets set for the Programme.

Article 2.4

Programme grant

1. The maximum amount of the programme grant, the programme grant rate, and the estimated eligible cost of the Programme shall be as specified in the programme decision.

2. In case the Programme is also supported by the Norwegian Financial Mechanism, this programme agreement shall be interpreted in conjunction with the agreement regulating that support.

3. The financial plan shall:

- a. contain a breakdown between the Programme's budget headings using the description put forward in the template for the programme proposal;
- b. indicate the agreed advance payment, if any.

4. The management cost of the Programme Operator shall not exceed the amount specified in the programme decision.

Article 2.5

Special conditions and programme specific rules

1. The programme decision shall list any conditions set by the FMC with reference to paragraph 3 of Article 5.3 of the Regulation. The National Focal Point shall ensure compliance with these conditions and, in a timely manner, take the necessary steps to ensure their fulfilment.

2. The National Focal Point shall ensure compliance with any other programme specific rules laid down in the operational rules.

Article 2.6

Programme implementation agreement

1. With reference to Article 5.8 of the Regulation and without prejudice to paragraph 2 thereof, the National Focal Point shall, before any payment is made to the Programme, sign a programme implementation agreement with the Programme Operator. The National Focal Point shall notify the FMC of such signing.

2. The signed programme implementation agreement shall be identical to the draft programme implementation agreement confirmed by the FMC in accordance with paragraph 5 of Article 5.8 of the Regulation with regard to the content required according to paragraph 3 thereof. The National Focal Point shall inform the FMC of any deviation from that confirmed draft which may be subject to a new confirmation according to paragraph 5 of Article 5.8 of the Regulation prior to any payment to the Programme.

Article 2.7

Reporting

The National Focal Point shall ensure that the Programme Operator provides financial reports, annual programme reports and a final programme report in accordance with Chapter 8 and Articles 5.11 and 5.12 of the Regulation as well as statistical reporting in accordance with the Programme Operator's Manual (Annex 9 to the Regulation).

Article 2.8

External monitoring

The external monitoring and audit referred to in Articles 10.1, 10.2, 10.3 and 10.4 of the Regulation shall not in any way relieve the National Focal Point or the Programme Operator of its obligations under the programme agreement regarding monitoring of the Programme and/or its projects, financial control and audit.

Article 2.9

Modification of the Programme

1. Unless otherwise explicitly stipulated in this programme agreement, any modification of the Programme is subject to prior approval by the FMC.
2. Modifications that do not affect the objective, outcomes, outputs, indicators or targets of the Programme are permitted without FMC's prior approval provided that they are limited to the following:
 - a. cumulative transfers between budget headings related to outcomes of an amount less than 10 % of total eligible expenditure of the Programme or € 1,000,000, whichever is higher, and
 - b. changes of internal practices of the Programme Operator that are not stipulated in the programme agreement.
3. Programme specific exceptions from paragraphs 1 and 2, if any, are set in the operational rules.
4. Expenditures incurred in breach of this article are not eligible.
5. Should there be a doubt as to whether the proposed modifications require approval by the FMC, the National Focal Point shall consult the FMC before such modifications take effect.
6. Requests for modifications shall be submitted and assessed in accordance with Article 5.9 of the Regulation.

Article 2.10

Communication

1. All communication to the FMC regarding this programme agreement shall take place in English and be directed to the Financial Mechanism Office (hereinafter referred to as the FMO), which represents the FMC towards the National Focal Point and the Programme Operator in relation to the implementation of the Programme.

2. To the extent that original documents are not available in the English language, the documents shall be accompanied by full and accurate translations into English.

3. The National Focal Point shall bear the responsibility for the accuracy of the translation that it provides and the possible consequences that might arise from any inaccurate translations.

4. The FMC shall ensure that the National Focal Point is informed about communication between the FMC and the Programme Operator that is relevant for the responsibilities of the National Focal Point under this programme agreement.

Article 2.11

Contact information

1. The contact information of the National Focal Point and the Programme Operator is as specified in the programme proposal.
2. The contact information for the FMC and the Financial Mechanism Office are:
 Financial Mechanism Office
 Att: Director
 EFTA Secretariat
 Rue Joseph II, 12-16
 1000 Brussels
 Telephone: +32 (0)2 286 1701
 Telefax (general): +32 (0)2 211 1889
 E-mail: fmo@efta.int
3. Changes of or corrections to the contact information referred to in this article shall be given in writing without undue delay by the Parties to this programme agreement.

Article 2.12

Representations and Warranties

1. This programme agreement and the awarding of the programme grant is based on information provided by, through, or on behalf of the National Focal Point to the FMC in the programme proposal or other communication prior to the signing of this programme agreement.
2. The National Focal Point represents and warrants that the information provided by, through, or on behalf of the National Focal Point in the programme proposal, in connection with the programme proposal, the implementation or conclusion of this programme agreement are authentic, accurate and complete.

Chapter 3 Projects

Article 3.1

Selection of projects

1. The National Focal Point shall ensure that the Programme Operator selects projects in accordance with Chapter 6 of the Regulation and the operational rules.
2. Eligibility of applicants is stipulated in Article 6. 2 of the Regulation and, in accordance with paragraph 3 thereof, subject only to the limitations stipulated in the operational rules.
3. Pre-defined projects shall be outlined in the operational rules.
4. The National Focal Point shall take proactive steps to ensure that the Programme Operator complies fully with Article 6.6 of the Regulation.

Article 3.2

Project contract

1. For each approved project a project contract shall be concluded between the Programme Operator and the Project Promoter.
2. In cases where a project contract cannot, due to provisions in the national legislation, be made between the Programme Operator and the Project Promoter, the Beneficiary State may instead issue a legislative or administrative act of similar effect and content.
3. The content and form of the project contract shall comply with Article 6.7 of the Regulation.
4. The National Focal Point shall ensure that the obligations of the Project Promoter under the project contract are valid and enforceable under the applicable law of the Beneficiary State.

Article 3.3

Project partners and partnership agreements

1. A project may be implemented in a partnership between the Project Promoter and project partners as defined in paragraph 1(w) of Article 1.5 of the Regulation. If a project is implemented in such a partnership, the Project Promoter shall sign a partnership agreement with the project partners with the content and in the form stipulated in Article 6.8 of the Regulation.
2. The partnership agreement shall be in English if one of the parties to the agreement is an entity from the Donor States.
3. The eligibility of expenditures incurred by a project partner is subject to the same limitations as would apply if the expenditures were incurred by the Project Promoter.

4. The creation and implementation of the relationship between the Project Promoter and the project partner shall comply with the applicable national and European Union law on public procurement as well as Article 7.16 of the Regulation.

5. The National Focal Point shall ensure that the Programme Operator verifies that the partnership agreement complies with this article before the signing of the project contract.

Article 3.4

Reallocation of funds

1. Reallocation of unused or cancelled financial contributions to projects shall be made in compliance with Article 6.9 of the Regulation.
2. Project grants not reallocated shall be reimbursed to the FMC in accordance with Article 6.9 of the Regulation.

Chapter 4

Finance

Article 4.1

Eligible expenditures

1. Subject to Article 7.6 of the Regulation, eligible expenditures of this Programme are:
 - a. management costs of the Programme Operator in accordance with the detailed budget in the financial plan;
 - b. payments to projects within this Programme in accordance with the Regulation, this programme agreement and the project contract;
 - c. expenditure of funds for bilateral relations in accordance with Article 7.7 of the Regulation;
2. Expenditure related to the categories referred to in subparagraphs (d), (e) and (f) of Article 7.1 of the Regulation are eligible in accordance with Chapter 7 thereof if such expenditures are explicitly approved by the FMC in the programme decision. The implementation of the activities under these categories shall be in compliance with the operational rules.
3. Eligible expenditures of projects are those actually incurred by the Project Promoter or project partners, meet the criteria set in Article 7.2 of the Regulation and fall within the categories and fulfil the conditions of direct eligible expenditure set in Article 7.3 of the Regulation as well as indirect costs in accordance with Article 7.4 of the Regulation.

Article 4.5

Irregularities, suspension and reimbursements

The FMC has the right to make use of the remedies provided in the Regulation, in particular Chapter 12 thereof. The National Focal Point has a duty to take all necessary measures to ensure that the provisions in Chapter 11 and 12 of the Regulation regarding irregularities, suspension of payments, financial corrections and reimbursement are complied with.

Chapter 5

Final provisions

Article 5.1

Dispute settlement

1. The Parties waive their rights to bring any dispute related to the programme agreement before any national or international court, and agree to settle such a dispute in an amicable manner.

2. If a demand for reimbursement to the FMC is not complied with by the Beneficiary State, or a dispute related to a demand for reimbursement arises that cannot be solved in accordance with paragraph 1, the Parties may bring the dispute before Oslo Tingrett.

Article 5.2

Termination

1. The FMC may, after consultation with the National Focal Point, terminate this programme agreement if:

a. a general suspension decision according to Article 12.6 of the Regulation or a decision to suspend payments according to paragraph 1(h) of Article 12.1 of the Regulation has not been lifted within 6 months of such a decision;

b. a suspension of payments according to Article 12.1 of the Regulation, other than under paragraph 1(h), has not been lifted within one year of such a decision;

c. a request for reimbursement according to Article 12.2 of the Regulation has not been complied with within one year from such a decision;

d. the Programme Operator becomes bankrupt, is deemed to be insolvent, or declares that it does not have the financial capacity to continue with the implementation of the Programme; or

e. the Programme Operator has, in the opinion of the FMC, been engaged in corruption, fraud or similar activities or has not taken the appropriate measures to detect or prevent such activities or, if they have occurred, nullify their effects.

4. The first date of eligibility of expenditures in projects shall be set in the project contract in accordance with Article 7.14 of the Regulation. The first date of eligibility of any pre-defined projects shall be no earlier than the date on which the National Focal Point notifies the FMC of a positive appraisal of the pre-defined projects by the Programme Operator in accordance with paragraph 3 of Article 5.5 of the Regulation.

5. The maximum eligible costs of the categories referred to in paragraphs 1 and 2 are set in the programme decision. Programme specific rules on the eligibility of expenditure set in the programme decision or in the operational rules shall be complied with.

Article 4.2

Proof of expenditure

Costs incurred by Programme Operators, Project Promoters and project partners shall be supported by documentary evidence as required in Article 7.13 of the Regulation.

Article 4.3

Payments

1. Payments to the Programme shall be made when all relevant conditions for payments stipulated in this programme agreement and the Regulation have been fulfilled.

2. Payments to the Programme shall take the form of an advance payment, interim payments and payment of the final balance and shall be made in accordance with Articles 8.2, 8.3 and 8.4 of the Regulation.

3. Payments of the project grant to the Project Promoters may take the form of advance payments, interim payments and payments of the final balance. The level of advance payments and their off-set mechanism is set in the operational rules.

4. The National Focal Point shall ensure that payments are transferred in accordance with paragraph 2 of Article 8.1 of the Regulation.

5. Chapter 8 of the Regulation shall apply to all aspects related to payments, including currency exchange rules and handling of interests on bank accounts.

Article 4.4

Transparency and availability of documents

The National Focal Point shall ensure an audit trail for financial contributions from the EEA Financial Mechanism 2009-2014 to the Programme in accordance with Article 8.8 of the Regulation.

2. This programme agreement can be terminated by mutual agreement between the Parties.

3. Termination does not affect the right of the Parties to make use of the dispute settlement mechanism referred to in Article 5.1 or the right of the FMC to make use of the remedies provided in Chapter 12 of the Regulation.

Article 5.3
Waiver of responsibility

1. Any appraisal of the Programme undertaken before or after its approval by the FMC, does not in any way diminish the responsibility of the National Focal Point and the Programme Operator to verify and confirm the correctness of the documents and information forming the basis of the programme agreement.

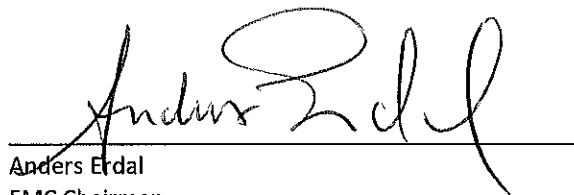
2. Nothing contained in the programme agreement shall be construed as imposing upon the FMC or the FMO any responsibility of any kind for the supervision, execution, completion, or operation of the Programme or its projects.

3. The FMC does not assume any risk or responsibility whatsoever for any damages, injuries, or other possible adverse effects caused by the Programme or its projects including, but not limited to inconsistencies in the planning of the Programme or its projects, other project(s) that might affect it or that it might affect, or public discontent. It is the full and sole responsibility of the National Focal Point and the Programme Operator to satisfactorily address such issues.

This programme agreement is drawn up in two originals in the English language.

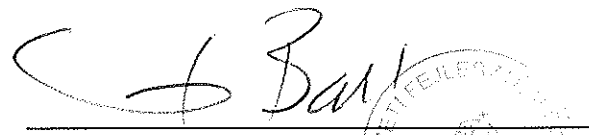
For the FMC

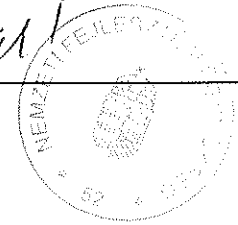
Signed in Osló on 20.8.2013


Anders Erdal
FMC Chairman

For the National Focal Point

Signed in Budapest on 13.09.2013


Balázs Simó
Director General



4. Neither the National Focal Point, the Programme Operator, entities involved in the implementation of projects, nor any other party shall have recourse to the FMC for further financial support or assistance to the Programme in whatsoever form over and above what has been provided for in the programme agreement.

5. Neither the European Free Trade Association, its Secretariat, including the FMO, its officials or employees, nor the FMC, its members or alternate members, nor the EFTA States, can be held liable for any damages or injuries of whatever nature sustained by the National Focal Point or the Beneficiary State, the Programme Operator, Project Promoters or any other third person, in connection, be it direct or indirect, with this programme agreement.

6. Nothing in this programme agreement shall be construed as a waiver of diplomatic immunities and privileges awarded to the European Free Trade Association, its assets, officials or employees.

Article 5.4
Entry into force and duration

1. This programme agreement shall enter into force on the date of the last signature of the Parties.

2. This programme agreement shall remain in force until five years have elapsed after the date of the acceptance of the final programme report.

Annex I - Programme Decision

1. Expected Outcomes & Indicators for Outputs

Expected Outcome(s): Increased higher education student and staff mobility between Beneficiary and EEA EFTA States

Output

Higher education staff mobility between Beneficiary and EEA/EFTA states

Output indicator(s)	Baseline	Target	Source of Verification
Number of staff benefiting from mobility grant under the EEA/NO FM	30	60	Institutional reports

Output

Higher education student mobility between Beneficiary and EEA/EFTA states

Output indicator(s)	Baseline	Target	Source of Verification
Number of HE students benefiting from mobility grant from EEA/NO FM	56	100	Institutional reports

Output

Increased level of cooperation between partners

Output indicator(s)	Baseline	Target	Source of Verification
Number of monitoring visits	0	10	Institutional reports

Expected Outcome(s):

Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education and adult education) between Beneficiary and EEA EFTA States

Output

Increased Cooperation between Higher Education Institutions and Enterprises

Output indicator(s)	Baseline	Target	Source of Verification
Number of HE-Enterprise cooperation projects	0	2	project reports

Output

Inter-institutional cooperation projects at non-tertiary level between Beneficiary and EEA EFTA States

Output indicator(s)	Baseline	Target	Source of Verification
Newly created teaching materials	0	10	Project reports

Expected Outcome(s):

Increased mobility of education sector staff at all levels of education between Beneficiary and EEA EFTA States

Output

Mobility of education sector staff at non-tertiary level between Beneficiary and EEA EFTA States

Output indicator(s)	Baseline	Target	Source of Verification
Number of staff benefiting from mobility grant under the EEA/NO FM	25	115	Based on Leonardo and Comenius statistics the average number of outgoing of staff is 15 and the incoming is around 10 per academic year. The average duration is 1 week.

2. Conditions**2.1 General**

1. Bilateral, outcome and output indicators shall be reported on in the annual programme report. More qualitative bilateral indicators reflecting the increased country and education sector knowledge of the cooperating countries shall be developed.
2. Any interest earned at any level on EEA Financial Mechanism funds in Hungary, held by National Authorities until they are transferred to the Programme Operators or by Programme Operators intended for regranting, is a resource for the Donor States and shall be reported on and reimbursed to the FMC in line with the procedures foreseen in Article 8.7 of the Regulation.
3. The indicators under section 1. above shall be revised and submitted to the FMC for approval prior to the first disbursement to the projects.

2.2 Pre-eligibility

Not applicable.

2.3 Pre-payment

Not applicable.

2.4 Pre-completion

Not applicable.

2.5 Post-completion

Not applicable.

2.6 Other

Not applicable.

3. Eligibility of costs**3.1 Eligibility of costs - period**

Eligibility of costs (excluding prog prep costs): 26/03/2013-30/04/2017

Eligibility of programme proposal preparation costs: 13/11/2011-25/03/2013

3.2 Grant rate and co-financing

Programme estimated total cost (€)	€2,061,765
Programme estimated eligible cost (€)	€2,061,765
Programme grant rate (%)	85.0000%
Maximum amount of Programme grant (€)	€1,752,500

3.3 Maximum eligible costs (€) and Advance payment amount (€)

Budget heading	Eligible expenditure	Advance payment*
Programme management	€206,176	€37,000
Increased higher education student and staff mobility between Beneficiary and EEA EFTA States	€969,500	€200,000
Increased and strengthened institutional cooperation at all levels of the education sector (school education, higher education, vocational training/education and adult education) between Beneficiary and EEA EFTA States	€650,000	€160,000
Increased mobility of education sector staff at all levels of education between Beneficiary and EEA EFTA States	€187,800	€35,000
Fund for bilateral relations	€30,926	€15,463
Complementary action	€7,054	€0
Preparation of programme proposal	€10,309	€10,309
Reserve for exchange rate losses	€0	€0
Total	€2,061,765	€457,772

* The advance payment is composed of €389,106 in grant amount and €68,666 in co-financing.

3.4 Retention of management costs

Retention of management costs - percentage of the management costs	10.00%
Retention of management costs - planned Euro value	€17,525

3.5 Small Grant Scheme

Not applicable

Annex II - Operational Rules

1. Eligibility

1.1 Eligible measures and sub-measures:

The Programme Operator is the Tempus Public Foundation. The International Development and Fund Coordination Agency will act as Implementing Agency (IA), and will carry out specific tasks on behalf of the Programme Operator during Programme implementation.

The Donor Project Partners (DPPs) are the Centre for International Cooperation in Education (SIU) (Norway), the Icelandic Centre for Research (RANNIS), and the National Agency for International Education Affairs (AIBA) (Liechtenstein).

The Programme shall achieve the following:

- support international cooperation in education between Hungary and the Donor States and implementing mutual mobility and co-operation projects in order to enhance the Hungarian participation in the Lisbon / Copenhagen / Bologna processes; and
- provide opportunities for Hungarian institutions to establish long-lasting cooperation with institutions from the Donor (and in case of co-operation projects also from other Beneficiary) States.

These objectives shall be implemented through the following 4 measures:

Measure 1:

Preparatory visits

Measure 2:

Mobility projects in higher education (for higher education students, higher education research, teaching and technical/administrative staff, doctoral students and postdoctoral fellows).

This measure includes placements for students and recent graduates in organisations or enterprises in another participating country and cooperation between education institutions and companies, and participation in summer schools.

Measure 3:

Mobility projects in other educational institutions and education related institutions (for all institutions and organisations engaged in education and related to topics relevant for primary, secondary, vocational and/or adult education/training).

Higher education institutions may participate in projects of a cross-sectoral nature.

Measure 4:

Inter- institutional cooperation projects between higher education institutions

- Partnerships
- Intensive programmes in specific subject areas
- Cooperation between enterprises and educational institutions

1.2 Eligible applicants:

For all measures:

Eligible applicants include: Public or private entities, commercial or non-commercial and non-governmental organisations, established as a legal person in Hungary, such as:

- higher education institutions
- enterprises (with VET relation, accredited to carry out trainings)
- social partners and other representatives of working life cooperating with accredited educational institutions
- public and private organisations, including not-for-profit organisations and NGOs, responsible for the organisation and delivery of education and training at local, regional and national levels
- bodies providing guidance, counselling and information services related to education/training
- research institutions

The following specifications apply:

Measure 1:

- Any Hungarian and donor state institutions, which may participate in any of the actions under the EEA scholarship Programme.

Measure 2:

- Higher educational institutions established in Hungary and holding an Erasmus charter. Individuals apply for grants via an institution.

Applicants must cooperate with at least one partner in a Donor State:

- higher education institutions (study periods, short teaching assignments);
 - other institutions (student or teacher placements; participation in conferences, seminars or work shadowing)
- In mutual mobility projects, the Hungarian institution shall coordinate and submit the application (both for outgoing and for incoming mobility).

Measure 3:

- Schools and other institutions providing education and/or training at all levels;
- Enterprises (with VET relation, accredited trainings);
- Social partners and other representatives of working life cooperating with accredited educational institutions;
- Public and private organisations, including not-for-profit organisations and NGOs, responsible for the organisation and delivery of education and training at local, regional and national levels; and
- Bodies providing guidance, counselling and information services related to education/training.

Applicants must cooperate with at least one partner in a Donor State.

In mutual mobility projects, the Hungarian institution shall coordinate and submit the application (both for outgoing and for incoming mobility).

Measure 4:

- Higher education institutions in Hungary.

The call for proposals may be limited to certain pre-defined areas, to be specified in the text of the call.

In case of intensive programmes and the development of common modules, eligible institutions apply on behalf of a consortium. The consortium must consist of at least three institutions, at least one of which must be from a Donor State and one from Hungary. Institutions from other Beneficiary States may participate.

1.3 Special rules on eligibility of costs:

Costs are eligible in line with chapter 7 of the Regulation. The following specifications apply:

- Overheads at project level:

Indirect eligible costs can be claimed by the project promoter as a flat rate of up to 15% of total eligible direct costs. The Programme Operator shall describe a methodology that shall ensure the fair apportionment of the overall overheads in the open call text. All Project Promoters or project partners must apply the methodology established by the Programme Operator when setting the precise level of this flat rate.

- In-kind:

In-kind contributions are only allowed in the form of voluntary staff working hours. For the purposes of calculating the value of in-kind contributions, one hour of voluntary work will be valued at 1/160 of the applicable monthly minimum wage, as determined by the Hungarian government.

2. Financial parameters

2.1 Minimum and maximum grant amount per project:

Measure 1:

Financing shall be granted in the form of a lump sum. The maximum grant amount shall be €1,000 per visit per person. The minimum duration for visits under this measure is 2 days.

All payments are made to the institution and not to individual persons. 80% of the grant is paid in conjunction with the signing of the project contract, the remaining amount (up to 100%) is paid based on an approved report.

Measure 2:

The minimum amount of grant assistance applied for is €5,000; the maximum amount is €100,000 per project.

The following grant amounts shall apply per person:

Target group	Grant / person
Outgoing HE students	Travel costs: €500 (lump sum) Monthly stipend: €1,400 for the first month, thereafter €900 per month Maximum duration: 15 months
Incoming HE students	Travel costs: €500 (lump sum)

Monthly stipend: €900 for the first month, thereafter €400 per month
 Maximum duration: 15 months

**Outgoing teacher /
 trainer / staff**

Travel costs: **€500 (lump sum)**

Grants depending on the duration of the travel:

- 1 day: €614
- 2 days: €729
- 3 days: €843
- 4 days: €957
- 5 days: €1,071
- 6 days: €1,186
- 7 days: €1,300
- thereafter: €800 per week. Single days are calculated on the basis of 1/7 per day.

Maximum duration: 6 weeks

**Incoming teacher /
 trainer / staff**

Travel costs: **€500 (lump sum)**

Grants depending on the duration of the travel:

- 1 day: €557
- 2 days: €614
- 3 days: €671
- 4 days: €729
- 5 days: €786
- 6 days: €843
- 7 days: €900
- thereafter: €400 per week. Single days are calculated on the basis of 1/7 per day.

Maximum duration: 6 weeks

In addition, the home HEIs will receive €100 for the organisation of mobility per chosen end beneficiary, paid as a lump sum. HEIs that carry out preparation of students (language, professional, psychological) will receive €100 per end beneficiary, paid as a lump sum.

Measure 3:

The minimum amount of grant assistance applied for is €2,000; the maximum amount is €50,000 per project.

The following grant amounts shall apply per person:

Target group	Grant / person
---------------------	-----------------------

Outgoing mobility projects

Travel costs: **€500 (lump sum)**

Grants depending on the duration of the travel:

- 1 day: €614
- 2 days: €729
- 3 days: €843
- 4 days: €957
- 5 days: €1,071
- 6 days: €1,186
- 7 days: €1,300
- thereafter: €800 per week. Single days are calculated on the basis of 1/7 per day.

Maximum duration: 6 weeks.

Incoming mobility projects

Travel costs: **€500 (lump sum)**

Grants depending on the duration of the travel:

- 1 day: €557
- 2 days: €614
- 3 days: €671
- 4 days: €729
- 5 days: €786
- 6 days: €843
- 7 days: €900
- thereafter: €400 per week. Single days are calculated on the basis of 1/7 per day.

Maximum duration: 6 weeks

Measure 4:

The minimum amount of grant assistance applied for is €30,000; the maximum amount is €300,000 per project.

2.2 Project grant rate:**Measures 1, 2 and 3:**

As long as the grants from the Programme are within the thresholds set in section 2.1 of this Annex II, they will cover 100% of the total eligible project costs. In this case, none of the remaining costs of the project shall be provided or obtained by the Project Promoter.

If the thresholds are exceeded, the remaining costs shall be provided by the Project Promoter or the end beneficiary.

Measure 4:

Grants from the Programme will cover up to 90% of the total eligible project costs. Any remaining costs of the project shall be provided or obtained by the Project Promoter.

3. Selection of projects**3.1 Selection procedures:**

The selection procedures may result in a reserve list for each of the measures.

For all measures:

The Programme Operator carries out an assessment of the administrative and eligibility criteria and assesses the budget, where relevant.

Measure 1:

No further assessment.

Measure 2:

In line with Article 6.5.8 of the Regulation, the following selection procedure shall apply:

Applications are assessed by the Programme Operator. The results will be discussed with the DPPs. The final decision on the projects to be funded / to be put on reserve list / to be rejected shall be taken by the Board of Trustees of the Programme Operator according to TPF's Deed of Foundation.

Measures 3 and 4:

In line with Article 6.5.8 of the Regulation, the following selection procedure shall apply: Applications are assessed by experts chosen from the expert database of the Programme Operator, in line with Article 6.5.2-6.5.4 of the Regulation. The results will be discussed with the DPPs. The final decision on the projects to be funded / to be put on reserve list / to be rejected shall be taken by the Board of Trustees of the Programme Operator according to TPF's Deed of Foundation.

3.2 Open calls and availability of funds (including number of calls, duration of calls, and estimated size):

There shall be at least two calls for applications, making available the total sum of €1,807,300.

The first call shall be launched no later than in the second quarter of 2013 and make available €1,323,873. These funds shall be distributed between the measures 1-4 as follows: measure 1: €30,926; measure 2: €455,147; measure 3: 187,800; measure 4: 650,000. The second call shall be launched no later than in the third quarter of 2013, and make available €514,353 for measure 2.

In case of an insufficient number of applications, insufficient value, or insufficient quality of the applications submitted in the planned open calls, the Programme Operator may conduct one supplementary call no later than in the first quarter of 2014.

All calls shall be open at least for 2 months.

3.3 Selection criteria:**Measure 2:**

Selection criteria shall include the following:

- Size of the higher education institution (number of students, teachers, staff)
- Previous EEA/Norwegian cooperation
- Proportion of EEA/Norwegian mobility and its planned growth
- Establishment and elaboration of the cooperation with partner institutions from the Donor States

- Quality assurance – based on principles used in Erasmus (especially recognition) In case of

Measures 3 and 4:

Selection criteria for the expert assessment shall focus on the quality of the applications, including:

- Needs and aims: rationale; needs of the institutions and individuals involved
- Capacity and experience: partnership, experience with international cooperation in the field of education, capacity of coordinating international projects both in terms of human resources and knowledge
- Establishment of the partnership: letter of intent, shared tasks, communication
- Project management: well-elaborated project management, strategic view at institutional level, realistic implementation and timeline
- Implementation: detailed work programme of the participant(s), prior knowledge and profession
- Selection criteria at participants' level: transparency and equality
- Evaluation: detailed evaluation activities, possibility for sustainability, valorization
- Dissemination of results: detailed dissemination activities
- Budget: realistic, sufficient own resource (where relevant)

Social sustainability issues, in particular initiatives that help combat discrimination and intolerance, shall be reflected in the selection criteria in the open calls and shall be reported on to the Donors.

4. Payment flows, verification of payment claims, monitoring and reporting

4.1 Payment flows

The Programme Operator shall ensure that funds are available for payments to projects in a timely manner. Payments towards end beneficiaries will be in the form of advance payments and a final balance payment in the form of reimbursement of incurred expenditures. Payments to projects are made on the basis of approved interim reports.

The majority of the Programme grants relates to funding individual mobility projects, and will be paid by the project promoter to end beneficiaries as weekly or monthly lump sums, depending on the mobility project at hand. Rather than checking invoices, the Programme Operator will verify that the activity in question has been carried out properly. If the activity is deemed to have been realised in a satisfactory manner, the entire grant amount is approved. Detailed financial checks can be made in case there is any doubt regarding the proper realisation of the mobility project.

For Measure 2, payments will be made in several instalments as follows: 80% upon signature of the project contract, 10% as an interim instalment, and 10% upon approval of the final report.

For Measure 4, payments will be made as an advance payment of up to 80% of the Programme grant. The remaining balance (max 20%) will be paid based on an approved final report. For Measure 4 projects with a duration exceeding 12 months, payments will be made in several installments as follows; 40% upon signature of the project contract, 40% as an interim installment and 20% upon approval of the final report.

For Measures 1 and 3, an advance payment of up to 80% if the grant amount can be made, the remaining balance (max 20%) will be paid upon approval of the final report.

Co-financing does not apply for Measures 1, 2 and 3, individual mobility, where the grant amount will be 100% of total eligible project costs.

The project grant rate shall in all cases be set at a level that complies with the State Aid rules in force and takes into account any and all other forms of public support granted to projects.

4.2 Verification of payment claims

Project Promoters shall submit interim and final reports to the Programme Operator containing information on project outcomes, advance and final payment requests where applicable, and incurred expenditure.

The verification and approval of the financial reports of the Project Promoters will be performed by the Programme Operator, and not the Implementing Agency (IA). The limited role of the IA in this Programme includes making available to the Tempus Public Foundation the common IT system that will be used for other Hungarian Programmes.

The Programme Operator will control the eligibility of expenditures under payment claim verification procedures following chapter 7 of the Regulation. The eligible expenses will be mentioned in the calls and listed in the related guidelines. The Programme Operator will carry out 100 % verification of the reports submitted by the Project Promoters.

In line with Article 7.13.3 of the Regulation, a report by an independent and certified auditor, certifying that the claimed costs are incurred in accordance with this Regulation, the national law and accounting practices of the project partner's country, shall, subject to Article 7.13.5 of the Regulation, be seen as sufficient proof of costs incurred by a project partner whose primary location is in a Donor State.

The detailed procedure for verification of payment claims, periodicity of reporting periods, and deadlines for reporting outlined in the Programme proposal will further be detailed in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

4.3 Monitoring and reporting

The Programme Operator monitors the execution of supported programme actions through the monitoring strategy, which offers a structured approach, adequate methods and tools. The Programme Operator monitors both types of programme actions; Mobility projects and Institutional cooperation projects, in accordance with the monitoring plan.

Monitoring activities will include the following:

- Kick-off meetings to aid Project Promoters in starting their projects
- Desk monitoring, assisting Project Promoters via phone, e-mail and letters
- General monitoring meetings for Project Promoters during implementation
- On the spot checks focusing on the professional and financial implementation of the projects
- Monitoring visits focusing on collecting information on qualitative aspects of programme management and on the effectiveness and impact of the supported actions

To ensure a balanced spread of the sample of beneficiaries to be monitored, the selection criteria shall include at least the following:

Institutional cooperation projects:

- the size of the beneficiary institution/organisation, ensuring a fair mix between large, medium and small ones;
- the type of beneficiary institution, depending on national specificities of the sector
- the geographical spread throughout the country;
- the level of grant awarded

Mobility projects and placements:

- the type of mobility (student/educational sector staff);
- the duration of the stay

The Programme Operator will carry out monitoring and on the spot checks on 10% of the projects per measure (minimum 2 projects per measure).

Irregularities will be handled in accordance with Chapter 11 of the Regulation.

Information on Reporting and Monitoring shall be further outlined in the description of the Programme Operator's Management and Control Systems according to Article 4.8.2 of the Regulation.

5. Additional mechanisms within the programme

5.1 Funds for bilateral relations

The Fund for bilateral relationships at Programme level shall contain 1.5% of the eligible expenditure of the Programme. The fund shall be used to fund measure 1 under this Programme.

Detailed information regarding measure 1 is provided in the relevant sections of this Annex II.

5.2 Complementary action

€7,054 are set aside for complementary action.

Complementary action shall be organised by the Programme Operator in accordance with Article 7.11 of the Regulation. The further use of the complementary action shall be discussed and agreed in the Cooperation Committee.

5.3 Reserve for exchange rate losses

Not applicable.

5.4 Small Grant Schemes

Not applicable.

6. Pre-defined projects

Not applicable.

7. Modification of the programme

The rules on modifications of Programmes are contained in the Regulation and are further supplemented in Article 2.9 of the Programme Agreement.

8. Programme proposal version

Any reference to the Programme proposal in this Programme Agreement shall be interpreted as version signed by the Programme Operator on 09 July 2012, including any subsequent correspondence and communication between the Donors, the Financial Mechanism Office, the National Focal Point and the Programme Operator.

9. Miscellaneous

Not applicable.